

Dear FCC,

The Small Business Survival Committee (SBSC) is a national nonpartisan advocacy organization dedicated to America's small business and entrepreneurial sector. SBSC works to advance public policy that helps create a productive environment for entrepreneurship, risk taking and job creation.

7 We recognize that the Internet presents small businesses with opportunities to grow and compete with larger enterprises.

7 We believe the availability of continually expanding, affordable Internet services within a competitive telecom market is crucial to the preservation of entrepreneurship and growth of America's small businesses.

7 We further recognize that the FCC's support of a tax-free Internet unencumbered by burdensome regulation continues to encourage the development of new Internet services and productive use of this communications and business resource.

SBSC, therefore, is troubled by the prospect of America's first-ever Internet tax levied in the form of the Voice Over Internet Protocol (VOIP) access charges which the Bell companies are asking the FCC to approve.

7 SBSC believes it is a dangerous precedent to permit the giant Bell companies to levy a tax that the FCC, Congress and other representatives of the Federal government have found to be contrary to the public interest.

7 This request by the Bells is unfortunately consistent with their continuing efforts to thwart the introduction of widespread competition into the market for conventional local telecom services and DSL Internet access, as envisioned when the Telecom Act of 1996 was signed into law.

7 Small businesses, in particular have been financially penalized by the lack of competitive choice in local telecom service. In most areas of the country small business people are still captive customers of the Bell companies.

7 At the same time, the Bell companies are attempting to create a near monopoly for themselves in the provision of DSL high-speed Internet access. In the space of only a few years they have captured what was previously a competitive market by denying competitors fair access to the Bells' publicly subsidized local networks.

Should the FCC accede to the Bell companies' request, which would allow them to levy a tax on VOIP services, it would not only set a dangerous precedent for the taxation of other Internet services, it would eradicate what is now a small but promising market for competitively offered Internet telephony.

7 The requested access charges would be used by the Bells to drive current VOIP providers, many of them small businesses, out of the market.

7 This would leave the Bells free to take over this small but highly promising market, transforming VOIP from a competitive bargain market to a monopoly with no alternative to the Bells' inflated prices.

7 There is an unfortunate precedent for this kind of market behavior found in the Bells' treatment of the DSL market.

Besides interfering with the potential of the Internet to stimulate the overall economy, taxing VOIP would specifically harm the interests of small businesses -- the segment of the economy that has been the engine of U.S. job growth and innovation for the past 15 years.

7 Many of America's 7,000 Internet Service Providers are small, local businesses. They are already dependent on the giant Bell companies for local network access. A Bell-imposed tax on VOIP would effectively preclude these companies from providing this new, high-potential Internet service.

7 Small businesses are growing users of phone cards to save long distance billing charges, especially when their personnel are traveling. Since many phone card services are delivered via VOIP, the VOIP tax would deny many businesses this opportunity to economize.

The Small Business Survival Committee respectfully requests that the FCC reject the concept of access charges on VOIP services. Thank you for the opportunity to voice our concerns about this proposal.

Sincerely,

Karen Kerrigan
Chairman
Small Business Survival Committee